

## Consumer Awareness Series

# Understanding Prescription Drug Costs

The Florida Agency for Health Care Administration (AHCA) is designated as the chief health policy and planning entity for the state and licenses and regulates health care facilities and health maintenance organizations (HMOs) across the state. AHCA also administers the Florida Medicaid program that provides health care to Florida's low-income and disabled citizens. AHCA's mission is better health care for all Floridians. To help achieve this mission, AHCA publishes the *Consumer Awareness Series*. This series consists of brochures designed to assist the public in making well-informed health care decisions.

This brochure can help you understand the pricing of prescription drugs and ways to reduce drug costs.

Note: This brochure is not designed to offer medical or legal advice. Please consult with your health care provider for medical advice and an attorney for legal advice.

Information in this brochure is current as of May 2009.

## **Introduction**

Prescription drugs are important in the treatment of many diseases and health conditions. At the same time the cost of prescription medications is a concern for many consumers. This brochure can help you better understand the pricing of drugs, ways in which you can possibly save money, and programs that might offer assistance. The brochure also includes questions you might want to ask your health insurance plan, health care provider, or pharmacist.

## **The Prescription Drug Market**

Prescription drug prices are not regulated in this country. Usually there are many choices of drugs available to treat a disease or health condition. Some of these drugs will be more expensive, others less expensive.

Why would some drugs cost more? Prices of new drugs are not affected by competition from other companies. When a company creates a new drug it is placed under patent protection. By law, other companies cannot make and market the same drug during the years the U.S. patent protection is in effect, which can last 10 years or longer.

The purpose of patents for new drugs is to encourage research to develop more effective drugs. Drug testing is very expensive. The patent protection allows the drug developer to recover these research costs by passing the costs along to consumers.

### **New Drugs and Established Drugs:**

New drugs are developed to provide new treatments or to improve drugs that are already available. The developer of a new drug has to present evidence to the U.S. Food and Drug Administration (FDA) that the new drug is safe and effective and then receive FDA approval.

If the new drug is similar to other drugs already being sold, the developer will try to show that the new drug works better or has fewer side effects than other drugs already on the market used for the same disease or health condition.

A new drug may offer better treatment than an established, older drug. However, more is known about an older drug that has been on the market for years, where health care providers and patients have gained experience in using the drug. Until a drug has been in use for many years it is not possible to know about all of its side effects or how effective the drug is with continued use.

If your health care provider wants you to take a drug that is new on the market, you may want to ask if there are benefits in taking this new drug instead of an established drug.

When a new drug comes on the market, the drug manufacturer usually advertises the drug in magazines, newspapers and on television. Drug salespeople also promote the new drug to physicians and sometimes provide free samples. Because older or established

drugs have been available for years and have proven their ability, free samples often are not available.

If your health care provider offers you free samples of a drug, it can help you save money by not having to pay for a prescription. However, if you need to fill a prescription later for this same drug, you may find the cost is higher than other available drugs. If you are offered free samples of a drug that you will later have to pay for yourself, ask your health care provider about the cost of the medication and other choices that might be available.

### **Generic Drugs:**

Once the patent protection of a new drug expires, other companies can seek permission from the U.S. Food and Drug Administration to make and sell the drug. The drug can then be sold as a generic.

Generic drugs are usually less expensive. The company that makes the generic drug does not need to recover the costs of development and advertising, unlike the company that first developed and marketed the drug.

Generic drugs must meet the same standards of quality control as new drugs. However, generic drugs do not need to be extensively tested because their safety and effectiveness have already been proven.

## **Compare Drug Prices**

Drug prices can vary between pharmacies. You might be able to save money by comparing the different pharmacies in your community and the prices they charge for the drugs you take.

The State of Florida provides the Florida Prescription Drug Price website with pricing information for the top most commonly used prescription drugs in Florida. This website can help you compare prices of drugs sold at the pharmacies in your area.

The prices are the “usual and customary prices,” also known as retail prices, reported monthly by pharmacies. This is what an uninsured consumer, with no discount or drug coverage, would pay. The prices can change throughout the month, so after viewing the prices you may want to double check with the pharmacy. The website address is [www.MyFloridaRX.com](http://www.MyFloridaRX.com).

### **Internet and Mail Order Pharmacies:**

Some people try to save money by buying their medications through an Internet company or by mail order. If you buy prescription medication over the Internet, or by mail order, it is important to be a wise shopper. First see your own health care provider for a prescription. Check to see if the company is licensed in the state in which it operates or if the National Association of Boards of Pharmacy (NABP) certifies the company through its VIPPS program (Verified Internet Pharmacy Practice Sites™). You can read more at [www.nabp.net](http://www.nabp.net) or call (847) 391-4406.

Be cautious buying medications over the Internet or by mail order. If the company is not legitimate, you may end up with fake, altered, or expired medication that will not help you and may cause harm. In addition the website or mail order company may appear to be based in the United States, but actually be operating outside of the U.S. where quality and safety controls may not be available.

## **Talking to Your Health Insurance Plan**

Your health insurance plan's customer service office can provide useful information to help you save money on prescription drug costs. Sometimes health insurers or employers contract with a specialized firm to manage pharmacy insurance benefits. Your health insurance plan or your employee benefits office might refer you to a pharmacy benefits manager.

You can find the following types of information from your health insurance provider:

- What your drug benefit covers
- The amount of co-payment required and if drugs are assigned to various levels that require different amounts of co-payment
- What drugs are included on each level of the preferred drug list
- Whether there is a cap or limit on your drug benefits and the amount
- Whether the medicines you are taking are included in the preferred drug list
- Which pharmacies can fill your prescriptions
- Tips on how to use your insurance coverage wisely and minimize your costs
- Your rights and steps to take if affected by changes in benefits or if you are otherwise dissatisfied

When you first sign up for health insurance coverage you should receive written material that explains your benefits. Changes to your benefits should also be in writing. Contact your health insurance provider if you have questions about your coverage or need written materials that explain coverage. Your health insurance provider may also have a website that can be a source of information.

### **Preferred Drug List:**

A preferred drug list (sometimes called a drug formulary) is a list of drugs that are accepted for payment by your health insurance plan. Drugs outside of the list may not be covered by your insurance or you may need to make a special request to see if your insurance will cover the medication even though it's not on the list.

Some health insurers may have different levels of co-payments for prescription drugs. (A co-payment is the amount you pay while your insurance pays the rest.) Members of the health plan are charged lower or higher co-payment amounts depending on whether the drug is generic, a brand-name drug included on the preferred drug list, or a drug not included on the list.

The preferred drug list may be revised from time to time to add new drugs or delete others. Be sure you know what your health plan's policy is regarding notice of changes that affect you.

## **Talking to Your Health Care Provider**

Questions to ask your health care provider about your prescribed medication might include:

- What will this drug do for me?
- Why did you choose this particular drug over others?
- How long has this drug been on the market?
- What is known about side effects from this medication?
- Are there any special precautions I need to take?
- Of the dosage range recommended by the drug company, will I be taking the lowest dose, the highest dose, or in between?
- Might I develop a tolerance to the drug requiring higher doses and costs?
- Can this drug effect my other medications?
- What happens if I stop taking the drug? Is there any immediate danger?
- Would there be problems if I start this drug and then later change to another type of drug?

A good time to ask about drug costs is the first time the drug is prescribed and before you start taking it. You also can review these questions at any time you visit your health care provider. Following are other questions you might want to ask your health care provider:

- How much does this drug cost?
- Are there less expensive drugs that might work for me?

- Is this drug available as a generic?
- Are there other choices if this drug is not covered by my insurance?
- Are there other drugs that will work for me and reduce my co-payments?

If your health care provider isn't familiar with the costs, you can ask your pharmacist.

## **Talking to Your Pharmacist**

Your pharmacist can answer many of the same questions you would ask your health care provider. If you would like to talk with your pharmacist you may want to review the questions in the previous section.

Changing from a brand-name drug to a cheaper generic of the same drug can be done at the pharmacy. Usually the pharmacist can fill your prescription with a generic drug at your request or, if necessary, the pharmacist may call your health care provider for authorization.

Changing the type of drug you are taking is a more complex matter. Your pharmacist may be able to help by discussing your needs with your health care provider and getting a telephone prescription. However, the pharmacist may ask you to first discuss this with your health care provider in order to get a new prescription.

### **Pharmacy Dispensing Fees:**

Each time you buy a prescription drug, you are charged for the cost of the medicine and the dispensing fee. The dispensing fee covers the cost of the pharmacist's time to fill the prescription and other business costs of the pharmacy.

If you pay for your drugs yourself, ask your pharmacist about the pharmacy dispensing fee. Sometimes you can save money on the dispensing fee if, for example, you are able to buy a three month supply of the medication at one time. Check with your pharmacist to see if you can receive a larger quantity and save money on the dispensing fee.

## **Programs to Help with Drug Costs**

Following are programs that help with the cost of medications. You may need to meet an age or income requirement to qualify for some of these programs. Each program has its own application process and qualification requirements, so you will need to contact a program to see if you qualify.

### **Medicare Part D Prescription Drug Benefit:**

Medicare Part D is an insurance benefit to help people with Medicare pay for prescription drugs and is provided through Medicare approved private health plans.

If you have Medicare, but not Medicaid, you can enroll in a Medicare Part D drug plan, but you are not required to do so. However, if you are in a Medicare HMO (health maintenance organization) for your medical coverage you will be dropped from the HMO if you enroll in a Medicare Part D drug plan. Be sure to speak with your HMO provider about this before making a decision.

You will want to compare these drug plans before you choose one – to see which ones cover the prescription medicines you take; how much coverage they offer; the cost of deductibles, co-payments and the monthly premium; and which pharmacies you can use with each plan.

You can find out more information and receive help with enrollment by calling Medicare's toll-free number (800) 633-4227 (TTY 877-486-2048) or by viewing the website [www.Medicare.gov](http://www.Medicare.gov). You can also call the Florida Elder Care toll-free number (800) 963-5337. They have trained volunteers who can assist you with questions about the Medicare Part D Prescription Drug benefit.

People with limited income and resources may qualify for extra help with prescription drug costs under the Medicare Prescription Drug Benefit. To see if you qualify for this assistance contact the Social Security Administration. You can phone them toll-free at (800) 772-1213 (TTY 800-325-0778) or view the website [www.ssa.gov/prescriptionhelp](http://www.ssa.gov/prescriptionhelp). If you receive Medicaid, you automatically qualify for the extra help.

#### **Prescription Discounts for Some Florida Medicare Beneficiaries:**

Medicare beneficiaries who choose not to enroll in the Medicare Part D Prescription Drug Benefit and who pay for their medications with private funds may be able to receive some discount on their medications. By law, pharmacies that participate in the Florida Medicaid program must offer Medicare beneficiaries, who otherwise have no insurance coverage for prescription drugs, a discount on their prescription drugs. To obtain the discount, you must show your Medicare card when you present the prescription.

If you are covered by Medicare, but not by Medicare Part D, ask your pharmacist about discounts that you might receive as described above.

#### **Florida Medicaid:**

The Florida Medicaid program pays the cost of prescription drugs for those who qualify for this coverage. However, if you are covered by both Medicaid and Medicare, most of your prescription drugs may be provided under the Medicare Part D Prescription Drug benefit (described earlier) or by a combination of Medicare and Medicaid.

Applications for Medicaid are made through the Florida Department of Children and Families (DCF). For further information you can call the toll-free number (866) 762-2237 or view the website [www.MyFlorida.com/cf\\_web](http://www.MyFlorida.com/cf_web). The site includes an application, an eligibility survey, a list of local offices, and other helpful information. If you have questions you can call the DCF toll-free number.

**Sunshine for Seniors:**

If you are 60 years or older and your insurance does not cover prescription drugs, you can call the Sunshine for Seniors program at the Florida Department of Elder Affairs toll-free number (800) 963-5337 (TDD 800-955-8771). They can help you apply for programs that might help with the cost of medications.

**Florida Discount Drug Card:**

The Florida Discount Drug Card can help people save money on prescription drugs. The program is for people 60 years or older who do not have drug coverage, those covered by the Medicare Prescription Drug Benefit who have reached a certain spending limit, or those under age 60 who meet the income requirements. To learn more go to [www.FloridaDiscountDrugCard.com](http://www.FloridaDiscountDrugCard.com) or call the toll-free number (866) 341-8894 (TTY 866-763-9630).

**National Council on Aging:**

For people 55 years or older, the National Council on Aging has a website with referrals to programs that offer assistance with the cost of medications. You can complete a brief questionnaire on the website and obtain a report on all the programs you might be eligible for and instructions on how to enroll. The website is [www.BenefitsCheckUp.org](http://www.BenefitsCheckUp.org).

**Pharmaceutical Patient Assistance Programs:**

Many companies that make prescription drugs have programs to help some low-income individuals buy certain medications. You can ask your pharmacist or health care provider if they know of programs to help with drug costs. You can also do a search on the Internet for the drug companies that make your medications to see if they offer such programs.

Some programs are also listed on [www.FloridaHealthFinder.gov](http://www.FloridaHealthFinder.gov) (click “Medical Help Resources”).

**Community Health Centers:**

Community health centers are federally funded to provide health care in medically underserved areas. To see if there is a center in your area go to the website <http://ask.hrsa.gov/pc> and follow the directions for locating a clinic. If you meet income guidelines you may be able to receive prescription medication, if that service is provided at your local clinic.

**Other Resources:**

You can try calling the phone number **211**. This is a service that offers referral to various programs that help people in need. They may know of programs in your community that help with the cost of medications. This number is slowly being introduced throughout Florida. Some communities already have this phone referral service while some are still waiting for it.

The Clearinghouse on Disabilities, through the Florida Department of Management Services, provides information and referral to state and community programs for disabled

persons. For more information call their toll-free number (877) 232-4968 (voice and TTY).

**Internet Access:**

Some of the resources listed in this section are available only through the Internet. If you do not have a computer at home check your local library or community center for possible computer use and Internet access.

## **Annual Review of Medications and Supplements**

At least once a year review all of your medications (prescription and non-prescription) and supplements (vitamins and herbs) with your health care provider. This review will help to make sure your drug combinations are safe and that you're taking only needed medications. It may also help you save money by adjusting your medication use.

You and your health care provider can discuss:

- What each drug does for you
- When you should take your drugs each day
- If you can stop taking any drug that is no longer necessary
- If you need to increase or decrease doses
- Any problems with drowsiness, dizziness, or any other side effects

If you don't buy the medications you need or you skip doses because you cannot afford to buy all of your drugs each month let your health care provider know. He or she may know of programs that can help with the cost or may suggest a less costly treatment. Also, refer to the earlier sections in this brochure, "Compare Drug Prices" and "Programs to Help with Drug Costs."

For further information on medication safety you may want to read our brochure, *Patient Safety*. You can order a free copy by calling our toll-free number (888) 419-3456 or view it at [www.FloridaHealthFinder.gov](http://www.FloridaHealthFinder.gov) (click "Brochures and Guides").

## **Does Your Doctor e-Prescribe?**

More and more doctors are starting to e-Prescribe which offers convenience and safety. E-Prescribing is the use of a computer system and a secure network to send prescriptions over the Internet from your doctor to your pharmacy.

The system allows your doctor to keep an accurate medication history and gives the pharmacist a computer order instead of a handwritten one, helping to eliminate errors due

to poor handwriting. Your doctor can also easily view your prescription drug benefits, helping the doctor to prescribe the most cost effective medication based on your health insurance.

Prescriptions are sent through a private and secure network and the prescription arrives at the pharmacy before you leave your doctor's office, making it easy to pick up on the way home.

Check the website [www.LearnAboutPrescriptions.com](http://www.LearnAboutPrescriptions.com) to see if your doctor and pharmacy e-Prescribe. Or just ask your doctor or pharmacist the next time you visit. To learn more about e-Prescribing and electronic health records visit the Agency for Health Care Administration website [www.fhin.net/eprescribe](http://www.fhin.net/eprescribe).

## **Resource Directory**

### **Florida Agency for Health Care Administration**

(888) 419-3456

Medicaid Pharmacy Services (850) 487-4441

[www.FloridaHealthFinder.gov](http://www.FloridaHealthFinder.gov) and <http://ahca.myflorida.com>

### **Florida Department of Children and Families**

(To apply for Medicaid)

(866) 762-2237

[www.MyFlorida.com/cf\\_web](http://www.MyFlorida.com/cf_web)

### **Florida Department of Health**

Board of Pharmacy

(850) 245-4292

[www.doh.state.fl.us/mqa/proflist.htm](http://www.doh.state.fl.us/mqa/proflist.htm)

### **Florida Discount Drug Card**

(866) 341-8894

(866) 763-9630 (TTY)

[www.FloridaDiscountDrugCard.com](http://www.FloridaDiscountDrugCard.com)

### **Florida Prescription Drug Prices**

[www.MyFloridaRX.com](http://www.MyFloridaRX.com)

### **Medicare**

(800) 633-4227

(877) 486-2048 (TTY)

[www.Medicare.gov](http://www.Medicare.gov)

### **MedlinePlus**

[www.MedlinePlus.gov](http://www.MedlinePlus.gov)

**National Association of Boards of Pharmacy**

(847) 391-4406

[www.nabp.net](http://www.nabp.net)

**National Council on Aging**

[www.BenefitsCheckUp.org](http://www.BenefitsCheckUp.org)

**Pharmaceutical Research and Manufacturers of America**

(202) 835-3400

[www.phrma.org](http://www.phrma.org)

**Social Security Administration**

(800) 772-1213 or TTY 800-325-0778

[www.ssa.gov/prescriptionhelp](http://www.ssa.gov/prescriptionhelp)

**U.S. Department of Health and Human Services**

Community Health Centers

<http://ask.hrsa.gov/pc/>

**U.S. Food and Drug Administration**

(888) 463-6332

[www.fda.gov](http://www.fda.gov)

**Additional Consumer Brochures Include:**

- A Consumer's Guide to Health and Human Services Programs
- A Patient's Guide to a Hospital Stay
- Assisted Living in Florida
- Emergency Medical Care
- End-of-Life Issues – A Practical Planning Guide
- Florida Medicaid – A Reference Guide
- Health Care Advance Directives (available only online)
- Home Health Care in Florida
- Long-Term Care
- Patient Safety

For additional copies of this brochure, or any of the brochures listed above, please contact the AHCA Call Center at (888) 419-3456. To view or print any brochure in the *Consumer Awareness Series*, please visit [www.FloridaHealthFinder.gov](http://www.FloridaHealthFinder.gov).

This brochure may be copied for public use. Please credit the Agency for Health Care Administration for its creation.

If you have comments or suggestions, please call (850) 922-5771.

The Agency for Health Care Administration created the following websites to help Florida residents be well informed health care consumers.

**[www.FloridaHealthFinder.gov](http://www.FloridaHealthFinder.gov)**

This website provides tools to compare hospitals, ambulatory surgery centers, emergency rooms, hospice providers, health plans, nursing homes, and prescription drugs. The site includes the A.D.A.M. Health Encyclopedia with thousands of articles and illustrations. The site also provides a list of health care facilities; information on insurance, medications, seniors, medical conditions, and resources for the uninsured; consumer publications; information for health care professionals; and much more.

**[www.MyFloridaRx.com](http://www.MyFloridaRx.com)**

This website compares prices for the most commonly used prescription drugs in Florida.

**<http://ahca.MyFlorida.com>**

This website includes information on health care facility regulation and licensing, the Florida Medicaid program, managed care (HMOs), and other topics related to the Agency for Health Care Administration.